

## CONFIDENTIAL

1 UNITED STATES DISTRICT COURT

2 DISTRICT OF NEW HAMPSHIRE

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4 SECURITIES AND EXCHANGE ) Civil Action No.  
COMMISSION, ) 1:21-cv-00260-PB

5 )

6 Plaintiff, )

7 vs. ) VOLUME 1  
(Pages 1 to 228)

8 )

9 LBRY, INC., )

Defendant. )

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13 CONFIDENTIAL DEPOSITION OF

14 DAVID BALTER

15 HELD VIA WEBEX

16 THURSDAY, JANUARY 13, 2022

17 9:36 a.m.

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23 REPORTED BY:

24 Jane M. Werner, RMR, CRR  
Massachusetts CSR No. 149008

25 JOB No. 220113DWA

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1 if we could.

2 Could you summarize your educational  
3 background for us, starting after high school.

4 A I'm going to adjust that answer, if I could,  
5 if I could go back.

6 Q Sure.

7 A There was a previous organization, Flipside  
8 Crypto LLC, which is no longer an organization. It's  
9 now Flipside Crypto, Inc. So for probably two and a  
10 half years, but, yeah.

11 Q So let me just confirm on that, and then I'll  
12 go back to your education.

13 Did Flipside Crypto LLC essentially become  
14 Flipside Crypto, Inc.?

15 A Yes. It was dissolved into Flipside Crypto,  
16 Inc., yes.

17 Q And what was the reason or reasons for the  
18 change in corporate structure from LLC to corporation?

19 A We took investment capital from venture  
20 capitalists, etc., at a certain stage. And the nature  
21 of the business, it evolved from a series of clubs and  
22 funds, investment clubs and funds, into an enterprise  
23 software business.

24 Q Then let's go through your educational  
25 background after high school.

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1 done by Flipside Crypto; is that correct?

2 A Correct.

3 Q Does that mean that Flipside Crypto was  
4 developing its own metrics to analyze -- to do analysis?

5 A Correct.

6 Q And then you said in the original iteration,  
7 there were investment clubs; is that correct?

8 A Correct.

9 Q Can you generally explain to us what an  
10 investment club is.

11 A An investment club was a legal entity where a  
12 number of individuals interested in learning about  
13 accessing the crypto asset ecosystem could together and  
14 jointly buy and hold and sell crypto assets.

15 Q In the current iteration of the company, who  
16 are the customers? And by "who," I don't mean  
17 specifically the names of the customers, but  
18 characterize the customer base, please.

19 A Blockchains and protocols that operate on top  
20 of blockchains.

21 Q So my understanding of a blockchain is that it  
22 is some sort of set of computer code and ledger  
23 transactions. So when you say "blockchains," you're  
24 obviously not meaning that. When you say the  
25 blockchains are your customers, what do you mean?

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1 MR. DIXON: Objection as to form.

2 A I don't believe so.

3 Q How did you set the price that you would pay  
4 LBRY for each coin?

5 A I didn't set the price.

6 Q How did the price get set?

7 A Josh -- it looks like josh@lbry.io noted the  
8 price and noted a discount and set the price to that.

9 Q What discount did you get?

10 A I believe 5 percent.

11 Q And it was 5 percent off of -- hang on a  
12 second. Okay.

13 In the email on the -- on the one that says,  
14 "Saturday, November 18, 2017," it says, "We can again  
15 peg the USD rate on the date of the txn."

16 Do you understand what that means?

17 A I do.

18 Q And what was that -- how did the price get  
19 pegged in that way?

20 A I believe they were looking at an exchange, as  
21 they did last time, to determine the fair market rate.

22 Q So the price that the clubs paid was based on  
23 the exchange price, plus a discount; is that correct?

24 A That is my understanding.

25 MR. JONES: All right. If you could go to